



**COLORADO
PERA®**

Colorado Contract Improvement Team Meeting
Camp George West - Golden, Colorado
November 15, 2006
9 a.m.

Subject: Employer Contributions on Retiree Service
Gregory W. Smith, General Counsel
Adam Franklin, Staff Attorney

Senate Bill 06-235

SECTION 22. 24-51-1101 (2), Colorado Revised Statutes, is amended to read:

24-51-1101. Employment after service retirement. (2) Salary from the employment, ENGAGEMENT, RETENTION, OR OTHER USE OF A SERVICE RETIREE IN AN INDIVIDUAL CAPACITY OR OF ANY ENTITY OWNED OR OPERATED BY A SERVICE RETIREE OR AFFILIATED PARTY BY AN EMPLOYER TO PERFORM ANY SERVICE AS AN EMPLOYEE, CONTRACT EMPLOYEE, CONSULTANT, INDEPENDENT CONTRACTOR, OR THROUGH ANY OTHER ARRANGEMENT, shall be subject to employer contributions but shall not be subject to member contributions except as provided in section 24-51-1103. Salary from employment by a retiree who is serving in a state elected official's position shall not be subject to employer contributions.

New PERA Rule

11.12 Employer Contributions on Retiree Service

A. A PERA employer that receives the services of a retiree, other than as a volunteer, under the conditions specified in this Rule, shall remit employer contributions to the Association in the manner specified in 24-51-401, C.R.S. and this Rule. Employer contributions shall be due to the Association only if a retiree is the individual performing services for a PERA employer. Employer contributions shall not be due to the Association for a retiree if no services are provided to a PERA employer by the retiree. Employer contributions shall not be due to the Association for a retiree who provides products or goods to a PERA employer rather than services.

B. Ownership of up to 5 percent of a publicly traded company registered on a national securities exchange by a retiree shall not constitute ownership of the company or cause the company to be an affiliated party of the retiree for purposes of 24-51-1101(2), C.R.S. Any other form or degree of ownership in an entity providing services to a PERA affiliated employer shall constitute ownership or operation of the entity for purposes of 24-51-1101(2), C.R.S.

C. For purposes of 24-51-1101(2), C.R.S. an affiliated party shall include:

- (1) any person who is the named beneficiary or cobeneficiary on the PERA account of the retiree,
- (2) any person who is a relative of the retiree by blood or adoption to and including parents, siblings, half-siblings, children, and grandchildren,
- (3) any person who is a relative of the retiree by marriage to and including spouse, spouse's parents, step-parents, step-children, step-siblings, and spouse's siblings, and
- (4) any person or entity with whom the retiree has an agreement to share or otherwise profit from the performance of services for a PERA employer by the retiree other than the retiree's regular salary or compensation.

D. When employer contributions are due to the Association as a result of services provided by a retiree, the amount of contributions shall be based on the following:

(1) If the services provided to a PERA employer by the retiree are the specific subject of an agreement with the PERA employer, the retiree shall disclose the amount agreed upon and the amount of employer contributions shall be based on the amount received by the retiree as specified in the agreement which, if paid directly by a PERA employer, would constitute salary under 24-51-101(42), C.R.S.

(2) If the services provided to a PERA employer by a retiree are not the specific subject of an agreement with the PERA employer, then the retiree shall disclose the amount of compensation received by the retiree for services the retiree is providing to the PERA employer. The retiree shall report monthly to the Association and the PERA employer the amount received for the services provided to the PERA employer and shall specify the amount of compensation received which, if paid directly by a PERA employer, would constitute salary under 24-51-101(42), C.R.S. The PERA employer shall remit employer contributions to the Association within 30 days after receipt of the retiree's disclosure.

(3) If a retiree fails to report the compensation required under subsection D.(2) then the retiree shall be responsible to pay the contribution required by 24-51-1101(2), C.R.S. together with interest at PERA's actuarial investment assumption rate.

E. Regular salary or compensation received by the retiree as an employee of an entity which is not owned or operated by the retiree or any affiliated party shall not be subject to employer contributions.

What you need to know about your vendor?

- 1. Is the vendor selling you a product or service?**
 - ◆ **If service, then will the services be performed by a PERA retiree?**
 - **If yes, is vendor owned by the PERA retiree or is the owner of the vendor affiliated with the PERA retiree?**